
OLR Bill Analysis

sSB 419

AN ACT CONCERNING HOSPITAL AND WELLNESS ENTERPRISE ZONES.

SUMMARY:

This bill establishes up to two “hospital and wellness enterprise zones” by allowing the Department of Economic and Community Development (DECD) commissioner to approve up to two municipal applications designating an area surrounding a hospital as such a zone. Unlike traditional enterprise zones, a hospital and wellness enterprise zone does not need to meet poverty or unemployment criteria. The bill allows businesses located within the zone to receive the same benefits as those in existing enterprise zones (see BACKGROUND).

Under the bill, hospital and wellness enterprise zones, like existing enterprise zones, must consist of (1) one or two contiguous census tracts, (2) contiguous portions of such tracts, or (3) a portion of an individual census tract, according to the most recent census. If the designated zone is covered by zoning, a portion must be zoned for commercial or industrial activity.

The DECD commissioner may (1) adopt regulations to designate areas as hospital and wellness enterprise zones, (2) modify a zone’s geographic area to improve the balance between the anticipated economic benefits and the state’s and municipality’s costs, and (3) remove a zone’s designation after six years, if it no longer meets the criteria. She must also report on established zones to the Commerce Committee by October 1, 2020. The report must include (1) hospital and wellness enterprise zones’ performance, (2) whether they should retain their designation, and (3) any recommendations for legislative changes to the program.

EFFECTIVE DATE: October 1, 2014

APPLICATION PROCESS

The bill requires any municipality seeking to designate an area as a hospital and wellness enterprise zone to file a preliminary application with the DECD commissioner. Within 60 days of receiving the preliminary application, DECD must provide written recommendations for improving the application. The municipality must submit its final application within 60 days of receiving DECD's recommendations.

Applications must include the:

1. geographic scope of the proposed zone, including designating all census blocks the municipality plans to incorporate into the zone;
2. economic development benefits anticipated from establishing the zone, including the nature of the businesses and industries that will be developed and anticipated number of jobs created; and
3. anticipated revenue loss to the state and municipality from establishing a zone.

BACKGROUND

Enterprise Zones

Connecticut's enterprise zone incentives are currently available in 17 state-approved zones, which are economically distressed areas no larger than two contiguous census tracts. Generally, municipalities must be considered "distressed municipalities" to designate an area as an enterprise zone, and the area they choose to designate must meet certain poverty or unemployment criteria.

The enterprise zone program mainly targets manufacturers and certain types of retail and service businesses (e.g., financial, business, and health services) that construct, expand, or rehabilitate facilities in the zones, thereby expanding local property tax bases, revitalizing run-

down areas, and creating jobs.

Benefits given to businesses in enterprise zones include:

1. property and real estate conveyance tax exemptions and corporation business tax credits mainly for developing facilities, with the state reimbursing municipalities for a portion of the revenue loss from the property tax exemption (CGS §§ 12-81, 12-498, & 12-217e); and
2. a 10-year corporation business tax credit for any newly formed corporations locating in the zones (CGS § 12-271v).

The 17 enterprise zones are located in Bridgeport, Bristol, East Hartford, Groton, Hamden, Hartford, Meriden, Middletown, New Britain, New Haven, New London, Norwalk, Norwich, Southington, Stamford, Waterbury, and Windham.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 18 Nay 0 03/25/14